RICHMOND ENHANCING ACCESS TO COMMUNITY HEALTHCARE

August 1, 2006

TO: Medicaid Revitalization Committee

FROM: Jacqueline D. Hale

SUBJECT: Public Comment

Hello. My name is Jacqueline Hale, and I am a Program Coordinator at REACH, a Richmond-area non-profit dedicated to increasing access to affordable healthcare for uninsured and underinsured persons in our community. REACH is a partnership of safety net providers and others working together to develop a more coordinated model of caring for uninsured persons in metro Richmond. Thank you for the opportunity to share my thoughts.

The rates of uninsured Virginians range from 6.3% for people who were uninsured all year, to 11.5% for those that were uninsured at some point during the year (VDH, 2005). These uninsured Virginians live in our neighborhoods, and they work in our communities. They raise families, and their children attend our schools. They live sicker, and die younger than people that do have health insurance. This is a crisis that has reached national proportions, and in Virginia it affects just over 1 million people.

More than half of uninsured, adult Virginians work more than 35 hours a week and most Virginians without health insurance are 19 – 44 years old (VDH, 2005). Why are they uninsured? In Virginia, private, employer-based insurance accounts for the majority of coverage (VDH, 2005). Unfortunately, increasing healthcare costs and insurance premiums are forcing more businesses to decrease or drop their coverage for employees altogether, adding a substantial burden to the healthcare "safety net" that exists to provide care for the uninsured.

Virginia's safety net is comprised of free clinics and community health centers, Virginia Commonwealth University and University of Virginia Medical Centers, and others with a mission to care for underserved persons. The majority of these vital organizations are privately funded – supported by grants from the federal government, local foundations, and other generous donors. The "safety net" began as a temporary solution to care for the growing numbers of uninsured in Virginia, but has since evolved into a permanent fixture in our healthcare landscape.

The typical uninsured resident, for whom employer-based coverage is not an option, relies on this "safety net", or hospital emergency rooms, to provide care when they absolutely need it – they are less likely to seek out and receive preventive care. They are more likely to be diagnosed at more advanced disease stages**,** and less likely to receive needed therapeutic care, including medicine and surgery. The economic vitality of our community is compromised by the poorer

REACH exists to:

- **Promote collaboration** among its members;
- **Increase access** to a comprehensive continuum of quality health care services;

thereby, strengthening the health care delivery system for the uninsured and underinsured of the greater Richmond metropolitan area.

health, premature death, and long-term disability of uninsured residents.

In other states, there are alternatives for these uninsured residents, specifically for parents whose children are already enrolled in Medicaid or a children's health insurance program. But in Virginia, very few low-income adults have the option for coverage through a public program.

Virginia's publicly supported infrastructure to care for the uninsured is very different from many states. Virginia only offers public health insurance programs (i.e., Medicaid) to children and pregnant women in low-income families, or to adults who are *very* poor, aged, blind or disabled.

Virginia's Medicaid coverage for low-income adults is only available to extremely low-income adults who are parents of children on FAMIS Plus, or caretakers of older residents who are also on Medicaid. Hardly any low-income parents/caretakers qualify, as the income guidelines are so low that it is unbelievable for a family to exist on the allotted income. For instance, a family of three living in a rural area can only have income amounting to a meager $307/month, $337/month for a family in an urban area, or $410/month in Northern Virginia.

In comparison, the Federal Poverty Level, or FPL, for a family of three is $1,383/month. Thus, in Virginia, parents/caretakers must earn less than 30% of the Federal Poverty Level to meet the eligibility requirements for Medicaid coverage. These eligibility requirements – for the median range – are the 10th lowest in the United States.

Medicaid in Virginia is not a readily available coverage option for low-income adults. While Virginia has expanded coverage to pregnant women and made FAMIS/FAMIS Plus more accessible for families with children, advocates have not succeeded in their tireless efforts on behalf of low-income, uninsured adults. Many of these adults are parents of children enrolled in FAMIS/FAMIS Plus. These parents are employed, and while their income falls within the more flexible guidelines for FAMIS/FAMIS Plus, there is no public insurance program in Virginia to support them. The parents are caught between a rock and a hard place – they make too much for public coverage, and too little to afford private health insurance.

Parents who have health insurance are less likely to miss work due to illness, and are more productive on the job. Insured parents won't worry about going to the doctor, dentist or filling a prescription. Most importantly, parents that have insurance can set a good example for their children by regularly seeking preventive care, and making healthier decisions for the entire family. This will reinforce other messages from the Commonwealth – like the Department of Health and Medical Assistance Services – about the importance of accessing healthcare when needed, and will ensure that more residents understand the value of preventive care and healthy living.

Other states have tackled this issue, expanding Medicaid or children's health insurance programs to parents of children enrolled in state-sponsored coverage

programs. A report by the Commonwealth Fund finds that inclusion of low-income parents in these coverage programs not only reduces the number of uninsured adults, but can also increase the number of covered children (*Health Insurance: A Family Affair, 2001*). Expanding FAMIS/FAMIS Plus to cover low-income parents of enrolled children is an effective way to increase covered lives in Virginia, and ultimately improve the health status of families throughout the Commonwealth.

Expanding coverage to low-income parents is not only effective, it is more cost efficient, as well. As it stands today, the cost of caring for the uninsured is borne by all Virginia residents. Public support from Federal, state and local governments (i.e., Virginia taxpayers) accounts for 75 - 85% of the total value of uncompensated care provided to persons without health insurance each year. In addition, Virginia's insured residents directly subsidize the cost of caring for the uninsured through increases in their health insurance premiums in their employer-based coverage. Families USA estimates that $734 of a family policy premium for an employee at a corporation in Virginia goes towards the cost of caring for the uninsured (Families USA, 2005).

It is not fiscally responsible for Virginia and its residents to continue funding care for the uninsured in this manner; it is not working. Uninsurance weighs heavily on the minds of the vast majority of Virginians. In 2004, about 8 in 10 of the state's insured population said they were fearful about not being able to continue to afford health insurance (VDH, 2005). It is time for change, it is time for this committee to effect that change.

REACH urges this committee to take expansion of public coverage to low-income parents into serious consideration. The effect of more covered lives in Virginia will be seen in all sectors: lower uncompensated care costs for taxpayers and health systems, smaller increases in premiums for employer-based coverage, additional coverage of children of low-income parents, and improved access to healthcare for the uninsured. All this results in a Virginia with happier, healthier families, a more productive workforce, and energized communities.

Sincerely,
Jacqueline D. Hale
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REACH